

INCOME PROTECTION

What you need to know

For producer information only. Not for use in sales situations.

Goal 1: Keep It Simple

The importance of income protection

- The risk of becoming too sick or hurt to work
- What's at stake
- Where the money would come from without insurance

PROTECTING YOUR INCOME

When it comes to becoming too sick or hurt to work, many people think, "It won't happen to me." But, are you willing to risk your income by holding this belief? See why you need to protect your income today...

DO I NEED INCOME PROTECTION?

1 IN 4 OF THOSE WHO SUFFER FROM A SERIOUS ILLNESS OR INJURY WILL BE UNABLE TO RETURN TO WORK. THE AVERAGE U.S. HOMEOWNER'S ANNUAL INCOME IS TWO AND A HALF YEARS' WORTH OF SAVINGS.

HOW MUCH IS AT STAKE?

A 36-YEAR-OLD EARNING \$40,000 A YEAR COULD LOSE \$108 THOUSAND BY THE AGE OF 65. 1 IN 2 ADULTS IN THE U.S. HAVE A CHANCE OF BEING UNABLE TO WORK FOR A MONTH OR MORE DUE TO A SERIOUS ILLNESS OR INJURY.

YOUR INCOME PAYS FOR THE BIG THINGS: HOME, CAR, RETIREMENT SAVINGS.

YOUR INCOME PAYS FOR THE LITTLE THINGS: CHILDREN'S EDUCATION, COLLEGE TUITION, MEDICAL CARE.

ARE I PROTECTING WHAT'S MOST IMPORTANT?

People protect their homes, cars, TVs and other possessions with insurance. But often don't think to protect their incomes.

240 TIMES MORE PEOPLE ARE UNABLE TO WORK FOR A MONTH OR MORE DUE TO A SERIOUS ILLNESS OR INJURY THAN ARE UNABLE TO WORK FOR A MONTH OR MORE DUE TO A SERIOUS ILLNESS OR INJURY.

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Goal 1: Keep It Simple

Income Protection
TERMS YOU NEED TO KNOW

Most people insure their homes and cars, but often overlook protecting the one thing that provides them and their assets – their income. When exploring income protection (disability insurance), it helps to understand these key terms.

THE BASICS

INCOME PROTECTION
Coverage that works like a "safety net" if the insured becomes too sick or hurt to work and can't earn an income.

INSURED
The person who is covered under the policy.

THE UNDERWRITING PROCESS

UNDERWRITING
Underwriting used to determine your policy design and how much coverage is available.

WHAT UNDERWRITERS LOOK FOR
Hobbies | Medical history | Occupation

POLICY DESIGN

DEFINITION OF DISABILITY
Policy language to help clarify what a disability is at claim time.

RIDER
A provision that can be added to a policy to enhance it or change the definition of what qualifies as a disability.

TIMING

ELIMINATION PERIOD
Often called the "waiting period" – the number of days the insured must wait before receiving monthly benefits.

BENEFIT PERIOD
After satisfying the elimination period, the amount of time the insured receives benefits under disability and benefit.

COST/BENEFITS

BENEFIT AMOUNT
The amount the insured receives each month to replace income if disabled.

PREMIUM
Amount the insured pays for coverage.

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Get to know coverage basics

- When and how the policy pays
- What underwriting looks for
- How much it costs



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Goal 1: Keep It Simple

Simplified underwriting

Accelerated timing (TeleApp required)

Fewer medical requirements: No blood, urine, exams, EKGs or APSS required.¹

No income verification for incomes under \$150,000.²

DI Benefit Amounts: \$4,000 for Single-Life; \$6,000 for Multi-Life³

Available for DI, Core Value, OE, DBO and KPR⁴.

SALES TIP

The no-cost **Benefit Update rider** helps grow benefits in the future.⁵

¹ Unless a significant and undisclosed medical condition is reported by MIB, significant medical information is derived from the TeleApp, or any other disability coverage has been issued or applied for on a non-medical basis. Urine/HIV test is required in Maine. This is not a guaranteed issue program; applications could be rated, ridered or declined. Subject to Issue & Participation limits and minimum premium requirement. Combined Simplified DI and Simplified OE cannot exceed \$14,000/month for single-life and \$16,000/month for multi-life | ² Financial documentation will be required for certain occupations (regardless of income). | ³ Single-life is available for ages 18-50; Multi-Life is available for ages 18-64. | ⁴ Not available in all states; not approved in California. More details: principal.com/distateapprovals | ⁵ Policy and rider descriptions are not intended to cover all restrictions, conditions or limitations. Refer to rider for full details. All features, provisions and riders may not be available in all states with all occupation classes.

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Goal 2: Know Your Market

Identifying Clients

- Ages 30 to 50 (typically available to ages 18 to 60)
- Earning \$40,000+/year
- Meet Principal Life's underwriting guidelines
- Have other risk protection or financial solutions with you



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Goal 2: Know Your Market

Use Niche Marketing Packages

- Learn about opportunities
- Grow your expertise
- Find and approach prospects
- Build a referral stream

Learn more:

principal.com/marketniches

A dozen packages available



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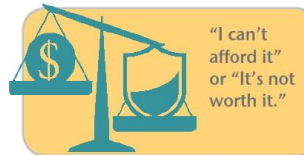
Goal 3: Start the Conversation

Share Sales Ideas

- Overcome common objections
- Show the value of income protection
- Compare it to other everyday costs

Resources:

- principal.com/IDIsalestools
- principal.com/diyoutube



Goal 3: Start the Conversation

Share personal stories

Claimant testimonials

- Veterinarian
- Executive
- Teacher
- Physician
- Attorney
- Business owner

Overall claimant satisfaction score

97%



Median score of 97% for the past 5 years

The screenshots show a website titled 'Claims Service You Can Depend On' with a 'THE SERVICE YOU RECEIVE' section listing benefits like 'Fast processing', 'Quality customer support', 'No claim denials', and 'Access to experienced adjusters'. Another section lists 'HOW WE DELIVER' with '24/7 online support', 'Dedicated claims adjusters', and 'Claims specialists'. A testimonial article titled 'Attorney Protects His Family and Firm' is also shown, with a callout box for 'JJ1379' and another for 'JJ1977'.

¹2014 Principal Life Individual Disability Income Claims Satisfaction survey

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Take Action

Buy your own DI policy

- Address your own income protection needs
- Earn first-year commissions (FYCs) and offset premium

	Male	Female
Annual premium	\$410	\$679
FYCs	\$205	\$339
Your first-year cost	\$205	\$340

Assumptions: HH750 policy, Michigan resident, non-smoker, 180-Day Elimination Period, To Age 65 Your Occupation and Benefit Period, 3A occupation class, \$1,000 monthly benefit, 50% FYCs, age 40.



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